Q4 2024 Earnings Call ***(Raw version)***

Event Details

Date: 2025-02-14
Company: Enbridge, Inc.
Ticker: ENB-CA

Company Participants

Unverified Participant

MANAGEMENT DISCUSSION SECTION

Rebecca Morley

00:00:05 Good morning and welcome to the Enbridge Inc., Fourth Quarter 2024 Financial Results Conference Call. My name is Rebecca Morley and I'm the Vice President of Investor Relations. Joining me this morning are Greg Ebel, President and CEO; Pat Murray, Executive Vice President and Chief Financial Officer. And the heads of each of our business units; Colin Gruending liquids, pipelines; Cynthia Hansen, gas transmission and midstream; Michele Harradence, gas distribution and storage; and Matthew Akman, renewable power. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session for the investment community. If you would like to ask a question during this time, simply press star followed by the number one on your telephone keypad. If you would like to withdraw your question, press star followed by the number one. Please note this conference call is being recorded.

00:01:06 As per usual, the call is being webcast and I encourage those listening on the phone to follow along with the supporting slides. We'll try to keep the call to roughly one hour and answer as many questions as possible. We will be limiting questions to one plus a single follow-up if necessary. We'll prioritize questions from the investment community. So, if you are a member of the media, please direct your inquiries to our communications team who would be happy to assist you? As always, our investor relations team will be available following the call for any follow-up questions.

00:01:42 On slide 2, where I will remind you that we will be referring to forward looking information in today's presentation and Q&A. By its nature, this information contains forecasts, assumptions and expectations about future outcomes, which are subject to the risks and uncertainties outlined here and discussed more fully in our public disclosure filings. We'll also be referring to non-GAAP measures summarized below. And with that, I'll turn it over to Greg Ebel.

Greg Ebel

00:02:11 Well, thanks very much, Rebecca, and good morning, everyone. Thanks for joining us. As we look back on record fourth quarter and full year earnings. We're going to start today by recapping the many milestones we achieved in 2024. Then I'd like to speak to Enbridge's performance through all market cycles and the benefits of our low risk business model. From there. I'll showcase how we are positioned to meet the increasing power generation and industrial needs of our customers in North America. We will then jump into updates for each of our business units. Pat will walk everyone through the quarter's financial highlights and capital allocation priorities. And lastly, I'll close the presentation with a final note on our value proposition before we open the call for your questions.

00:02:59 We delivered record EBITDA and DCF per share in 2020 for new assets and continued customer demand contributing to a 13% increase in EBITDA over 2023. In December, we increased our dividend for the 30th consecutive year, extending our status as one of the only dividend aristocrats in our sector. And while I'm pleased that Enbridge delivered a 37% total shareholder return to investors in 2024, I'm even more pleased that our business model will continue to generate strong returns for our shareholders as we advance our strategic priorities.

00:03:36 On the growth front, we closed the acquisition of three premier US, natural gas utilities, creating the largest gas utility franchise in North America. We also announced three highly strategic tuck-in acquisitions of Permian and Gulf Coast assets building on our integrated oil footprint and establishing a meaningful natural gas presence in the region. Across the business, we added over $8 billion of organic projects to our backlog, diversified across all four of our franchises. That backlog now includes approximately $3 billion of annual utility investment, earning strong returns under quick cycle capital riders and regulated return frameworks.

00:04:21 Prudent capital recycling remains an important part of our business model, allowing us to opportunistically surface value for shareholders. And in April, we closed the sale of our interest in Alliance and Aux Sable and subsequently announced the sale of our interest in East and West Tie Line for a combined proceeds of approximately $3.2 billion. Our long held leverage target of 4.5 to 5 times continues to be the sweet spot for Enbridge, and we expect full year contributions from our recently acquired and in-service assets to benefit this metric through 2025. We'll continue to equity self-fund up to $8 billion to $9 billion of growth projects annually, staying within our debt to EBITDA ratio while supporting future growth for Enbridge and driving returns for shareholders.

00:05:11 Now, let's spend a minute reviewing our low risk business model that allows us to perform so consistently. 2024 marks Enbridge's 19th consecutive year of achieving guidance, underscoring the stability of our business despite the myriad of macroeconomic challenges we've seen these past two decades. And looking ahead with the uncertainty around North American trade relations, I want to remind everyone how each franchise has a commercial framework that will ensure reliable, low risk cash flows. In Liquids, the mainline is supported by an ROE performance collar and a progressive toll ratchet on line three surcharge, providing two forms of volume protection. And the rest of our liquids systems are predominantly underpinned by long term take or pay contracts.

00:06:00 In our Gas Transmission business, our pipelines operate under a mix of cost of service frameworks and negotiated take or pay rates, delivering over 24 Bcf per day of natural gas to customers. Our utility business is fully regulated with flow through cost structures inclusive of the cost of natural gas supply. And in renewables, projects are backed by long term power purchase agreements with high quality customers and governments. Our commitment to discipline gives us confidence that we can extend our track record of meeting financial guidance, steadily growing our dividend and continuing to create value for our investors.

00:06:41 Now let's spend a minute talking about how we're positioned to meet increasing natural gas infrastructure demand and serve our customers. Enbridge is the only major midstream company with a portfolio that offers long haul gas transmission. The reliability of utility infrastructure and the emissions benefits of renewable power. This unique combination allows us to provide diverse and comprehensive energy solutions for electric power that not only meet the affordability and reliability needs of customers, but also support their long-term sustainability goals as well.

00:07:16 In 2024, we added over $5 billion of gas and renewable projects. Those include pipeline projects for more than two gigawatts of new natural gas generation in Tennessee and Carolina. A new Permian gas egress pipeline, which directly supports U.S. Gulf Coast LNG, two sets of offshore pipelines in the Gulf and the sanctioning of approximately 1.2 gigawatts of solar in Ohio and Texas. We're pleased with what we've delivered so far, and we expect we'll be able to continue sanctioning attractive projects across each of our franchises.

00:07:54 Now, I'll jump into the business update, starting with Liquids. 2024 was a milestone year for LP with record annual volumes on Gray Oak, Ingleside and Flanagan South. We fully expect that under all Canada US trade relation outcomes, Canadian oil will continue to flow south and our mainline is the vital conduit supplying downstream demand centers across the continent and ensuring energy security for millions of North American consumers and workers. As we expected, the mainline experienced strong volumes all year, averaging throughput of 3.1 million barrels per day, even with TMX entering service. In addition, the mainline has been back in apportionment since November, reflecting continued strong demand for our system. And that demand, alongside our operational excellence, has us earning near the upper end of our ROE collar earlier than expected.

00:08:49 As the basin grows, we continue to advance conversations with customers to develop additional WCSB egress for late 2026, early 2027 and later in the decade. Additionally, we also signed a letter of intent with the Government of Alberta to accelerate future expansion opportunities across our system and support their growth ambitions. And in order to bring more condensate to Canada, we're proceeding with a very capital-efficient, customer-backed expansion of Southern Lights pipeline.

00:09:22 Earlier this year, we announced 120,000 barrel per day expansion of the Gray Oak pipeline to support growing demand from shippers seeking delivery to Corpus Christi, where Ingleside facility is located. We're expanding our storage offering at Ingleside to support those additional volumes on Gray Oak and we also acquired and plumbed in two nearby docks which dramatically increase Ingleside VLCC loading windows. All told, our liquids franchise is positioned to grow and provide industry-leading service to customers across the continent.

00:09:58 Our Gas Transmission business experienced another year of high utilization in 2024 and that's continuing into 2025. And once again, we are 100% recontracted on our gas pipes this year. In fact, we've already seen a few new throughput records on our systems over the last few weeks. Our total US transmission system recorded its two highest delivery days ever in January, supported by all-time highs on maritimes and northeast US, as well as a couple of top ten days on Texas Eastern and Algonquin. Two of our storage facilities, Egan Hub and Moss Bluff, recorded some of their highest ever daily withdrawals in January as well.

00:10:44 During 2024, we sanctioned approximately $4 billion of new capital projects, predominantly focused around the US Gulf Coast infrastructure, extending our growth backlog through the decade. The US federal government has now announced reversal of the LNG pause on non-FTA facilities and that's bolstered our confidence in other LNG expansion opportunities. And in the fourth quarter we placed the Venice Extension project into service and it's now supplying natural gas to the Plaquemines LNG terminal in Louisiana. We also completed a 6.5 Bcf expansion of Tres Palacios gas storage facility in Texas, enhancing our competitive service offering for Gulf Coast customers along our Texas Eastern system.

00:11:33 In the Permian, we purchased a 19% interest in the Whistler joint venture, partnering with WhiteWater Midstream and MPLX and establishing an integrated and growing natural gas footprint in the area. Alongside these partners, we sanctioned the Blackcomb pipeline, which is expected to enter service in 2026 and provide up to 2.5 Bcf per day of natural gas egress out of the Permian Basin. And in third quarter, we announced our acquisition of a 15% stake in the DBR system, a key conduit for the Western pipeline. These investments will drive growth opportunities through the decade.

00:12:13 On the regulatory front, we recently received approval from the Canadian Energy Regulator for our $1.2 billion Aspen Point T-North expansion, ensuring capacity to serve growing LNG demand on our BC pipe system. And in the US, we reached an filed negotiated settlement with customers on Texas Eastern, as well as reaching settlements in principle on both Algonquin Gas Transmission and Maritimes US. New rates on Texas Eastern have been in effect since October 1, 2024, and we expect FERC approval of the AGT and Maritimes and Northeast Settlements later this year.

00:12:52 Now let's turn to GDS. The utility franchise has approximately doubled in size this year, having brought Enbridge Gas Ohio, Utah, Idaho, Wyoming and North Carolina in-house. The gas distribution and storage business is now delivering over 9 Bcf per day of gas to over 7 million customers. Our team is working every day to deliver reliable and affordable natural gas to these customers, and we continue to invest in key infrastructure across North America to meet growing customer demand. To that point, both Enbridge Gas and North Carolina and Ohio both hit new daily all time throughput records last month. Enbridge Gas Utah moved its fourth highest daily gas throughput in history. And Enbridge Gas, Ontario, delivered a single day record for the most gas storage withdrawals out of the Dawn Hub.

00:13:48 Each of our four utilities are critically important to their markets, and we expect to invest about $3 million annually across our utility franchise, earning strong returns under quick cycle capital frameworks. For example, here are a few of our larger utility projects underway. At our Ontario utility, we anticipate sanctioning the Saint Laurent pipeline project in the coming months, a $200 million multi-phase development enhancing our existing footprint in Ottawa. North Carolina has two exciting projects to highlight this quarter. The T-15 project will serve Duke Energy's new Roxboro Natural Gas Power Generation plant. And Moriah establishes an LNG gasification facility in Person County to support system reliability. Both are great examples of essential in-footprint developments ensuring reliable and growing service offerings for our customers. We are making strong progress integrating all the new assets into the Enbridge family.

00:14:50 Now let's jump into renewables before passing off to Pat. Throughout 2024, we advanced our renewables platform under our utility-like business model. We're pursuing growing projects with high quality blue chip customers that are in strong risk adjusted investment returns. In 2024, we sanctioned approximately 1.2 net gigawatts of new solar projects and almost 20% of that capacity is already operating. I'm excited to announce that the entire Fox Squirrel facility in Ohio is now in service, generating 577 megawatts of renewable power under long-term contracts with Amazon.

00:15:30 Earlier this year we sanctioned the Orange Grove solar project, which will generate 130 megawatts of power under long term agreements with AT&T and support the growing electric generation needs of the ERCOT market. We also sanctioned the Sequoia solar project in Texas, which is supported by power purchase agreements with customers, including AT&T and Toyota. In Europe, we continue to advance our offshore portfolio, having placed Fécamp and Provence Grand Large into service in 2024. Both those facilities are supported by long-term PPAs with EDF. Manufacturing is largely completed for Calvados and the drilling campaign is underway. We now expect the project to enter service in 2027, which is later than our original schedule.

00:16:18 With that, I'll pass it off to Pat to review our financial performance.

Unverified Participant

00:16:23 Good morning, everyone. Thank you, Greg. This has been a busy year for us and I'm pleased to report record fourth quarter and full year EBITDA and DCF per share. For the quarter, EBITDA increased considerably over $5.1 billion, reflecting an over $1 billion increase from the same period last year. Our DCF per share for the quarter rose to $1.41, an approximately 10% increase over last year, and our adjusted earnings per share rose to $0.75 per share, reflecting a 17% increase over the same timeframe.

00:16:54 Liquids EBITDA benefited from toll escalators on the mainline strong, throughput on our Gulf Coast and Mid-Continent assets and lower power costs. That was partially offset by lower ex-Gretna volumes. Although 2024 was stronger than we anticipated, 2023 had realized a record fourth quarter. Gas Transmission was up significantly from 2023, owing to contributions from the Whistler JV, Tomorrow RNG, Aitken Creek, as well as tax rate settlement taking effect on October 1. And as a reminder, we achieved that GTM growth despite the sale of our interest in the Alliance and Aux Sable partnerships in the second quarter of 2024.

00:17:34 For the first time, our gas distribution business reflects a full quarter of EBITDA from all three US LDCs acquired in 2024. This drives the $500 million or so of year-over-year increase within the segment. In renewable power, we recognized another tranche of investment tax credits relating to the Fox Squirrel Phase 2 alongside a full quarter of contributions from our higher interest in OEC and Albatros assets acquired in Q4 2023.

00:18:03 Below the line higher average rate and debt balances from the closure of the various US utilities resulted in higher financing costs in the fourth quarter compared to last year. Reflecting on full year results, 2024 EBITDA exceeded our recast guidance range supported by strong utilization and demand across all franchises as well as a weakening CAD to US foreign exchange rate. For DCF, we finished the year just below our guidance midpoint, despite prefunding the US gas utilities a great outcome and a testament to the growth within our business.

00:18:36 As Greg mentioned earlier, this marks our 19th consecutive year achieving or exceeding our financial guidance. And while it's early, we're currently on pace to extend that track record in 2025. On that note, I'm pleased to reaffirm the 2025 guidance we provided in December. We continue to expect adjusted EBITDA between $19.4 billion and $20 billion and DCF per share of $5.50 to $5.90 per share. Full year LDC contributions, new assets in service and continued cost saving initiatives are expected to drive the majority of the growth in 2025.

00:19:09 Although early so far, the mainline is in apportionment all year we've experienced colder weather in Ontario and the current strength of the US dollar could be tailwinds if experienced for the entire year. These can be partially offset by a slower than expected decline in US interest rates. I'm also reaffirming our midterm outlook and look forward to discussing this with the investment community in a few weeks at our upcoming Investor Day.

00:19:35 Now, I'll close my remarks with a refresher on our long held commitment to capital discipline before passing it back to Greg. Our three pillar approach to capital allocation is unchanged in 2025. The balance sheet will remain strictly in focus with our financial guardrail covering all investment decisions. We expect full year contributions from the US gas utilities that close in 2024 to benefit our leverage metrics in 2025. A thoughtful capital recycling program has been a cornerstone of our business for decades, and we successfully recycled over $15 billion of assets since 2014, including our recently announced East West Tie Line sale.

00:20:12 Sustainably returning capital via low risk dividend is a hallmark of our investment offering. We're committed to growing the dividend, supported by our diversified and high quality cash flow profile. Lastly, on growth, you can expect us to prioritize brownfield investment at low multiples when sanctioning new projects to supplement our backlog. Our capital backlog now sits at $26 billion, with $5 billion of assets placed into service in 2024 and $8 billion of newly sanctioned projects added through 2029. As always, a special thank you to all the team members for delivering on another exceptional year.

00:20:46 With that, I'll pass it back to Greg to finish the presentation.

Unverified Participant

00:20:49 Well, thanks very much, Ben. And again, 2024 caps off a record year of financial and operational performance here at Enbridge. Our steadily growing dividend supported by a utility-like cash flow profile, remains a cornerstone of our investment offering, as demonstrated by 30 years of consecutive dividend increases. The complementary nature of our overlapping businesses will continue to drive growth, enable optimization and enhance our opportunity set through the decade. Enbridge is a first choice investment opportunity, offering an attractive yield alongside visible long-term growth that is largely insulated from economic gyrations.

00:21:30 Before we close, I'll remind everyone to please join us on March 4th for our annual Investor Day in New York. The team is excited to see you and share the opportunities being realized across the organization and driving our future growth. With that, I'd like to thank you all for listening and operator, please open the lines for questions.

QUESTION AND ANSWER SECTION

Operator

00:22:02 Thank you. We will now begin the question-and-answer session. Your first question comes from a line of Jeremy Tonet from JPMorgan. Your line is open.

Unidentified speaker

00:22:11 **Question – Jeremy Tonet :**Hi. Good morning.

00:22:12 **Answer – Greg Ebel:** Good morning, Jeremy.

Unidentified speaker

00:22:21 **Question – Jeremy Tonet:** I also wanted to send the team a Happy Valentine's Day as well.

Answer – Greg Ebel: Thanks.

Unidentified speaker

00:22:27

Question – Jeremy Tonet: Just, I'm just curious, I guess with WCSB production and growth opportunities there and initiatives, I guess out of Alberta, if you could talk a bit more on how you see that, I guess, unfolding over what type of timeframe and you know, how large could this actually scale over time in your view?

00:22:43 **Answer – Greg Ebel:** Yeah, well, maybe I'll just start, but I'll turn it over to Colin very quickly here. But you're on it and we'll send the love back to you too on Valentine's Day. But I will say you're really seeing great opportunities on production growth and we're looking at a lot a quick hit, permit-light, low multiple brownfield type activities on the liquids front to serve the markets on both sides of the border. So, you're going to hear more about that during investor Day. But Colin, do you want to speak to a little bit what we've been doing the last month or so?

00:23:13 **Answer – Colin Gruending:** Yeah, it's only been. Good morning, Jeremy. It's only been about a month since the announcement. And we've been working feverishly even before then. I would do that announcement as an endorsement of our role and our playbook. We'll look to tell you a whole bunch more in a couple of weeks at Enbridge Day. But even if you zoom out a bit further, you know, FIDing a number of projects in the calendar year, fundamentally, I think production is surprising to the upside. Not you know, huge capital projects by our customers. But as you've been reading, lots of debottlenecking and optimizations potentially rerating that kit. And on demand side strong as well. So, it's shaping up well and there's infrastructure opportunities from tip to start regionally mainline market access and export. We'll tell you more.

00:24:15 **Answer – Greg Ebel:** Yeah. And, you know, Jeremy kind of like my opening comments I mentioned. It's just one aspect that gives us really great confidence about continuing our growth rate through the decade. And equally, you would have seen apportionment the last few months. So, not only are the pipes being used, but the requirements for more are definitely there. So look forward to talking about that further in a couple of weeks.

Unidentified speaker

00:24:40 **Question – Jeremy Tonet:** Got it. We will wait for more details then. And at the risk of a question that might be more fully answered at Analyst Day as well, just wondering, with the new regime within DC and different policies towards energy and energy, infrastructure development in general, wondering if you could share any thoughts on what that means for Enbridge, you know, particularly around line 5 or otherwise?

00:25:07 **Answer – Greg Ebel:** Yeah, sure. Well, think the first and foremost thing and you've heard us say this and others as well, but we've got the portfolio to back it up. It's an all of the above energy solution going to be needed. So, if you've got liquids, if you've got natural gas assets and you've got power assets, it's on. If you got export assets, it's on. So, we've got all of those pieces. So I think that's positive. I think a more rational approach to sustainability issues, taxation, permitting reform, I would expect those are going to be pretty critical to us and we're already seeing it again, just with requests for and you probably see it in our deck, requests for things like gas generation, as Colin just mentioned, on the oil side. I think that's going to be extremely positive of you know, we've sure let's get into it. We've got tariff concerns out there. But there's such a hardwiring of the energy system in North America, we just don't see that as a material impact. And I think given what we're seeing from customers, that's actually bearing out in reality and we're going to see it happen on the investment side as well.

Unidentified speaker

00:26:21 **Question – Unidentified speaker:** Great. That's helpful. See you guys in a few weeks.

00:26:25 **Answer – Unidentified speaker:** Thanks, Jeremy.

Operator

00:26:27 Your next question comes from the line of Robert Catellier from CIBC Capital Markets. Your line is open.

Unidentified speaker

00:26:34 **Question – Robert Catellier:** Hey, good morning, everyone. I want to continue on the liquid side here. I wondered if you could comment on the discourse that has been popping up about the need to diversify our markets for energy in the event that Canada develops the political will. Can you indicate your appetite and under what circumstances to invest in the long haul liquids pipeline in Canada such as the northern gateway or even a line going east?

00:26:59 **Answer – Greg Ebel:** Sure. Thanks, Rob. Look, that's a really thoughtful question, and we've obviously given a lot of thought to that. I will start by saying that we're really focused intently more on broader themes. Macro trends like production, demand growth, earnings, returns on capital, than day to day political gyrations. But that said, we're not blind to the trade discussions and disputes. But, you know, real, sustainable trends aren't made in a day or month. It takes a long time. So again, that's why we're focused on some of the stuff we were just talking about in terms of relatively low capital short plays. And that's going to be the reality for a long time to come. The gas, oil, energy is going to move north and south more than it does east and west, but specifically to, say, the Northern Gateway project. You know, I'm really pleased to see Canadian policymakers focused on this issue and realizing the true benefits of diverse markets. We've pitched that for a long time and I think our views on LNG and liquids exports are well-known. You know, we've said for years that we've been missing the boat—pun intended—on that for a long time. We worked really hard on Northern Gateway first time around, in service, I would say, for Canadians. We had permits, we had regulatory approvals, indigenous participation, strong customer support. Unfortunately, you know, that project was cut short by the Federal government, which really cost us hundreds of millions of dollars to our investors, right. So, that's a powerful learning. So for us to be willing to seriously consider reinvesting in a project like that, whether it's east or west or just west, we need to see real change on numerous fronts. Let me tell you about that. One, things like what Premier Smith in Alberta has been doing in terms of making positive moves to commit their volumes on some of the major pipes and seeking internal solutions to energy mobility in Canada and North America. We would need to see real legislative change at the Federal and Provincial government level that specifically identifies major infrastructure projects like northern gateway as being in the "national interest" and therefore legally required. Need to see real permitting changes. And for example, the eliminating of C-69, C-59 all of that would be a positive indicator for a change in the trend towards energy infrastructure. Another example, you know, you've got to see support for energy production as opposed to reducing it, which you see through emission caps and carbon taxes. More Indigenous consultation, engagement, and direct participation via loan guarantees that frankly, that loan guarantee program that exists now would be way too small for meaningful projects on that front. And we believe you'd likely need CapEx cost and reasonable return trackers to ensure you could actually attract the kind of capital we're talking about for such projects. So Robert, it's a lot of coordinated Federal and pan-Provincial legislative and regulatory action would be required before we think investors, management teams or customers would be able to greenlight such projects. Lots of talk from governments and policymakers, which is great. They're saying the right things, but it's going to real actions, laws, regulation to attract the capital in our view.

Unidentified speaker

00:30:29 **Question – Robert Catellier:** That's a great answer. I can only hope that the politicians understand the need for a better risk transfer mechanism to undertake these massive projects, given the history.

00:30:40 **Answer – Greg Ebel** Amen.

00:35:01 **Question – Rob Catellier:** Okay. Thank you very much.

00:35:07 **Answer – Greg Ebel:** Thanks, Rob.

Operator

00:35:07 Your next question comes from the line of Ben Pham from BMO Capital Markets. Your line is open.

Unidentified speaker

00:35:21 **Question – Ben Pham:** Hi, good morning. I mean on the renewables I thought I'd saying you know you a good quarter. Your projects coming in and you have comments on the stimulus situation in the US. So, can you comment and maybe just given how the public equities have performed the last couple of years, means for underperformance. Like how does that look relative to developing renewable power assets?

00:35:47 **Answer – Greg Ebel:** Well, I'll start, but I'm sure Matthew will have some thoughts. I mean, first of all, I think it goes to the customers and you can see who are signing up. You know, the Amazons, AT&Ts, Toyotas. And I think you'll see some other big techie data center type people signing up with us. That they want to work with big players and they also want to see differentiated opportunities. So, whether it's just solar, whether it's wind and also gas. So, I think we're in a good spot to be able to provide in different jurisdictions multiple offerings and we're a big player. They know we are going to get the stuff done. And then maybe Matthew can speak a little bit to the purchase of some of our development team in Dallas too.

00:36:34 **Answer – Matthew Akman:** Yeah. So thanks, Ben. So, you know, yeah, the public equities obviously have – it really boils down to the model that we pursue on renewables. It's tthe low risk commercial model. And you're seeing a lot of different things play into those public companies, whether it be, you know, big write-downs that you've seen in offshore, some of them in trouble on development or supply chain. And this is where our competitive advantage really kicks in in terms of the fact that we have the supply chain capabilities. We don't take big speculative risk on offshore leases. All of our power is fully contracted so if you've seen the most high quality blue chip counterparties. And so what we're seeing on our side is, frankly, you know, opportunity. And I think the few big players that have that capability will continue to see, as we've seen, very strong risk profiles and very strong returns. And, you know, as you see in the results, and I think you mentioned this record results in renewable it just you know, it shows that we're getting great returns and that these projects and investments are accretive right off the hop, both on cash flow and earnings per share. So, we look forward to more of that.

Unidentified speaker

00:37:51 **Question – Ben Pham:** Okay. Thanks for that context. And maybe just the US gas utilities, even Enbridge Gas too. Can you comment on where the realized ROEs trended during 2024 versus allowed.

00:38:09 **Answer – Greg Ebel:** Where the realized ROE trended during 2024, is that your question, Ben? Yeah. So it's certainly we expect all our utilities to track and to meet their expected ROEs or their allowed ROEs. And they're very steady. The US utilities, they don't have any exposure to weather and that sort of thing. So we're very pleased with how Ohio, North Carolina and Utah, as well as Wexpro, for that matter, finished the year. They all finished on budget and exactly where we were expecting them to. In Ontario, as I think you would have seen through our quarterly reports, it was a very, very mild winter last year. So, that impacted our realized ROE Frontera. We won't file that the finished or the certain ROE till the fall but we would be below that based on the weather results. I think on a weather normalized basis, Ben they're all in the 10% range, right. So just like the gas transmission stuff in Western Canada, which is very solid, steady, quick cycle, as you know, get that 10% return on equity with very little risk.

Unidentified speaker

00:39:18 **Question – Ben Pham** Okay, got it. Thank you.

00:39:22 **Answer – Greg Ebel:** Thank you.

Operator

00:39:25 Your next question comes from the line of Manav Gupta from UBS. Your line is open.

Unidentified speaker

00:39:32 **Question – Manav Gupta:** Good morning. Congrats on a strong quarter. Your guidance generally tends to be a little conservative as it was in 2024. Help us understand what could drive you towards the top-end of that guidance for 2025.

00:39:49 **Answer – Greg Ebel:** Yeah, thanks for the question. I think historically, if you looked at our performance, we usually sit right within kind of the guidance range that we have. We overperformed a little on EBITDA this year, which is great to see. But I think if you think about guidance for next year, we've had lots of commentary around the fact that was set on a $1.35. So if we stay above that, that'll be helpful from a tailwind perspective. Should remember, though, that we do hedge a pretty significant amount that. When we released guidance back in December, we kind of gave a sensitivity that that for every $0.01 that the dollar stays above that $1.35 all year. That's about $0.01 DCF and about $50 million of EBITDA. So you can kind of get an assertation of where that might land as a result of that. Michele just noted that last year we had colder weather, in fact, or sorry, warmer weather, significantly warmer weather this year starting off fairly good. We got some colder weather in Ontario and even eastern US, which I think can help that. But maybe just offsetting that potentially is the US interest rates not coming down quite to the same extent that maybe we thought they would, and given how inflation has kind of stayed in the US.. So, I think when you take all those together and remember it's pretty early in the year, I think we're pretty comfortable still with the guidance range that we have, maybe with a few extra tailwinds than headwinds at this time.

Unidentified speaker

00:41:02 **Question – Manav Gupta:** Perfect. My quick follow-up here is help us understand the kinds of discussions you're having with the data center operators, incremental power, your leverage with the entire positive data center power market demand. Thank you.

00:41:15 **Answer – Greg Ebel:** Yeah. Yeah. For sure. Look, it's not just talk, right? I mean, we're actually signing up and executing on projects. You know, we've talked a little bit before about the 1.5 gigawatt pipeline we're building for TVA on the gas side that, you know, that's all driven by electricity demand in North Carolina, 1.4 gigawatt project for Duke, that's all driven by demand. In Utah, we've connected several players call it a couple of hundred and behind the meter megawatt plays. In Ontario, lots of discussion with the data centers, specifically. Ohio, we've just you know, we're connecting a 1 gigawatt facility there. So that's that's 5 gigawatts just in that group between GDS and GTM that we have just signed up and are executing on power generation. And these are on 2 gigawatts on solar and again you've seen the likes of the AT&Ts and Amazon. So yeah, there's whole boatload of folks that we're having conversations with and it's not all the big players. There's a bunch of small players, too. So, you know, if you think about each gigawatt, call it about 200 million cubic feet a day or so. Every DCF you add 5 gigawatts, you're going to get DCF of demand on the infrastructure side. So we're seeing that. And also the fact that there's more at Investor Day too.

Unidentified speaker

00:42:50 **Question – Manav Gupta:** Thank you.

Operator

00:42:53 Your next question comes from the line of Maurice Choy from RBC Capital Markets. Your line is open.

Unidentified speaker

00:43:00 **Question – Maurice Choy:** Thanks and good morning, everyone. I just wanted to touch on capital allocation for a moment here. Attempts to occur meaningfully and are prolonged. What adjustments, if anything at all, do you see in your capital allocation strategy be that geographically types of infrastructure types? Any adjustments that you see being necessary?

00:43:25 **Answer – Greg Ebel:** Yeah, I would say unless it's a very high tariff and on a prolonged basis, we just don't see significant changes on that front. You know, if you think about starting at GDS and GTMs on the gas side, you know, those flows largely don't go back and forth across the border. There's some of that that goes on, but not a significant way. As you know, we're continuing to invest in export facilities both on the liquids and the LNG side. Those are going to continue to happen. So, I just don't see a significant change in the near-term. You know, we talked a little bit about major East West projects, but I'm not 100% sure or just West projects. Those are going to happen anytime soon. I'd say we're just very focused on some of these short, quick hit projects. You're going to continue to see the products move back and forth across the border on the liquid side of things. And very focused on supply chain issues. Fortunately, being a big player and you know, usually number one or number two customer for so much of the equipment we get for steel, et cetera, I think we're in a great position on that front. The projects that we're executing today, we've looked at and we just don't see any material impacts on those as well. So, you know, obviously it's a longer-term issue, but in the near-term, I don't see a dramatic impact.

Unidentified speaker

00:44:50 **Question – Maurice Choy:** That's a good point about, you know, timing here between a longer-term solution versus a four year presidential term. And maybe on that point, are there any parts of the energy value chain, whether on liquids or gas that you see, that, you know, it's probably worthwhile bulking up given all the political uncertainty that we have on both sides of the border.

00:45:14 **Answer – Greg Ebel: :** Well, sure. Look, I think and, you know, it's call us good, call us lucky, you know, bulking up on the gas side in the last couple of years, both on the distribution side and on the gas transmission side. We've got multiple storage facilities. We entered into new gas deals out of the Permian. All that stuff is front run in this and puts us really in the pool position on that front. Sometimes, I've often heard of the big four being talked about in gas, but we're the real deal in gas. And so, I think we continue to move those projects forward. So happy on that side. And that being said, you know, as Colin laid out and will lay out again in March, I think there's great opportunities on the liquid side too. So I think we've got the right portfolio in the right jurisdictions, both in and through North America and out of North America. That's a good spot to be in. And, you know, you're even seeing on the gas side offshore activities. You know, some I think that was kind of looked over last year. But new projects that we're looking at, the offshore Gulf of – on the Gulf and, you know, that's, that's going to be exciting for us as we move through the end of the decade.

Unidentified speaker

00:46:29 **Question – Maurice Choy:** Perfect. Thank you very much.

00:46:33 **Answer – Greg Ebel:** Thank you.

Operator

00:46:33 Our next question comes from the line of Rob Hope from Scotiabank. Your line is open.

Unidentified speaker

00:46:39 **Question – Rob Hope:** Good morning, everyone. Maybe to stick with permitting, the B.C. government has accelerated some permits for the Aspen Project on T-North there. Can you maybe update us on discussions regarding the larger capital plan there and whether or not you could see some acceleration of permitting and construction there.

00:47:03 **Answer – Greg Ebel:** Sure. Cynthia is right here.

00:47:06 **Answer – Cynthia Hansen:** Yeah. Thanks, Rob. So we are very excited to see that the B.C. government is supporting the Aspen Point Project. We had gotten our big CER approval for that project. We're continuing to work through that. There is still some permitting from the BC hydro point for some power connections. So that's all really positive. You know, we're a big supporter, obviously, of the gas infrastructure in B.C. We are the pipeline that continues to deliver both to the industrial and residential base there as part and largely supporting the LNG exports as well. So, we think this is a great thing. There's lots of opportunities for growth there. It's a great business for us. You know, that that is a true cost to service business and as Greg said, we get a really you know our return there, ROE at 10% is something that we really like in our portfolio.

Unidentified speaker

00:48:00 **Question – Rob Hope:** I appreciate that. And then maybe just sticking with gas, but moving over to the gas distribution side, you know, you now have the USassets under your belt for a little while there. You know how is the integration process gone and are you able to, you know, potentially see some early signs of some chunkier projects, kind of like the ones that you're seeing in the Carolinas?

00:48:23 **Answer – Michele Harradence:** Yeah. You bet, Rob, it's Michel here. You know, now that we've closed all the utilities, we have them in the integration. First of all, it's going really well so far. Of course, there's lots of work to do. But we're definitely seeing the benefits of bringing these utilities together, whether it's the conversations, the pursuing of opportunities, that bringing customers solutions that worked in one area and taking it somewhere else. You know, what I would say is I think the growth we anticipated at the time that we were looking at this, which would have been going back to mid-2023, was certainly there. We're absolutely seeing the customer additions, we're seeing the modernization. But what we're really seeing is a nice tailwind and what I'd call the electrification side of things. So the power generation, whether that's for data centers or otherwise. And of course natural gas plays a very obvious role of that. There we're seeing that across our businesses. So, as Greg mentioned earlier, the data center growth over – hooking up for power generation in every one of the utilities. I mean, we probably got a gigawatt and a half that we're supporting right now in Ontario. And of course, the Ontario government is committed with it. Largest procurement ever, and we certainly see a strong support from them to meet all of the above. We see a lot of growth happening there. Utah, the Wasatch Front that's out in Salt Lake. Provo, a real area of focus for data centers and natural gas power generators in Ohio. I mean, Ohio, I think we were looking at modernizations and pretty steady customer growth. We're seeing lots come on from whether it's data center-driven or otherwise. And of course, we've talked about North Carolina, and that's a good example where there's two phases to of T15 and phase 2 has come on faster than we thought for a total between the two phases of close to 500 million cubic feet a day. So very, very happy with that. And customer growth is really good. Even like I said, that sleeper is kind of in Ohio. We like to look at something called the U-haul rankings and North Carolina at the end of 2024 that was ranked third, stayed third. That's where people measure where people move to growth in states. Utah went from 9 – from 13 up to 9 and good old Ohio who had – there used to be 23 is up to 13. So, folks are moving into the jurisdictions we're at continue to be super supportive of gas. We could not be happier with the certainly the new utilities. But also, like I said, we're seeing some good growth on the power generation side in Ontario.

00:50:48 **Answer – Greg Ebel:** What's nice is you get big projects and small projects. So, you know, so you might hook up 200 megawatt behind the meter stuff, that might be $50 million and that does start adding up and they're really quick hit and quick cycle. And then, as you said, you got like the North Carolina projects might be a 1 gig, 1.5 at $5500 million or $600 million. So, you got a mix of all those projects with amazing counterparties. So yeah, I mean, we're thrilled with them. We're going to continue to grow those out. And I think we're at like $3 billion in capital a year for the utilities on a combined basis. Steady, quick cycle, turn into EBITDA the next year.

Unidentified speaker

00:51:27 **Question – Rob Hope:** I appreciate that. And the U-Haul racking was a new one for me, so thanks a lot there.

00:51:31 **Answer – Greg Ebel:** Yeah.

Operator

00:51:36 Your next question comes from the line of Theresa Chen from Barclays. Your line is open.

Unidentified speaker

00:51:42 **Question – Theresa Chen:** Good morning. Thank you for taking my questions. I wanted to sort of revisit the tariff discussion with the headlines over the past couple of months, there has been a lot of noise on, you know, who would bear the cost of tariffs if they were to come to fruition and begin to work. And it doesn't seem like there would be enough of demand elasticity to really impact the volumes on your system, especially when you think about the various contractual measures in place, be it our own collar or NDCs to the US portion. But based on your analysis, if not the infrastructure provider, who do you think would bear the cost of that economic right shift?

00:52:20 **Answer – Greg Ebel:** Yeah, I'm going to let Colin talk about which one of his customers might see that.

00:52:25 **Answer – Colin Gruending:** Hey, yeah, thanks for that question. I think we agree generally with your synopsis of this pretty sticky demand. You mentioned a number of the reasons. A number of our customers have integrated business models and infrastructure, right. Production and refining. You know, we built their whole business around that. You know, supply switching to US refiners. You know, much has been said and written about that recently, but generally suboptimal, right. So these are much wrong systems and society depends on it, right? So, we view the impact on volumes on our systems I think to be negligible in a tariff situation again depending on the size of the tariff. You know, we think the tariff impact would likely be shared to some extent and it depends on which region you're in, right, where the refining options exist and don't exist. So, it will vary, but I think it'll be shared Theresa. I don't know if you agree with that, but that's our view from our approach.

00:53:43 **Answer – Greg Ebel:** You know, everything we see, Theresa, you know, let's not get to too excited about the conversations. But also put it in context. So, I think even this has been recognized by policymakers when you're at 10% on energy versus some other products that I think you're bang on. I mean, the elasticity of that is pretty marginal. So, we don't expect to see much change in that. If anything I'm concerned about on tariffs, if they came in, does that have an impact economic growth and if economic growth declines, then that could see a decline in energy demand. But, you know, even offset that with all the things are going on, on generation and data centers and stuff, I'm not even sure that's material. So, I think that's why we're trying to focus on the long term trends, what's happened. And as Colin said, this is societal needs on all this front. Give us a lot of confidence that the tariff issue is not particularly material.

00:54:48 **Answer – Colin Gruending:** One more data point here. Maybe bring it to a head. We're seeing fulsome nominations right on the system, gen fab, sold out in the face of this. So, that's the trend so far.

Unidentified speaker

00:55:04 **Question – Theresa Chen:** Got it. Thank you. And turning to a different side of the regulatory discussion, I wanted to get Cynthia's take on what is the path forward at this point for Rio Bravo and Rio Grande following the series of executive orders by the sitting administration that, you know, repealed some of the regulations that required internal reviews and then for council subsequent letter to the D.C. circuit earlier this month related to how the verification was unwarranted. What is – what do you think is going to happen from here? And can you tell us about next steps and any impediments or, you know, catalysts along the way?

00:55:50 **Answer – Greg Ebel:** Yeah. Thanks, Theresa. So, you know, just as a reminder that Rio Bravo pipeline is now being managed directly through the Whistler joint venture. But and so we still have an interest in that. My thoughts are that, you know, we have a new administration. There's lots of opportunity for clarity to come in through the process. We do know that the FERC is going through their supplemental environmental impact statement process of gathering that information and that information is ready to be filed. As you mentioned, there was additional information that next decade and Rio Bravo filed stating that the executive orders should actually be taken into account through this process. So, my expectation is we're going to continue to see Rio Bravo work with the FERC to move through that actual impact statement, to update that. And there may be clarity even before that process. So, both we and our partners through the joint venture and of course, NextDecade are going to continue to work through that process. And we have a lot of confidence that the project is going to continue to go forward.

Unidentified speaker

00:57:14 **Question – Theresa Chen** Thank you.

00:57:15 **Answer – Greg Ebel:** Thanks, Theresa.

Operator

00:57:17 And that concludes our question-and-answer session. I will now turn the call back over to Rebecca Morley for closing remarks.

00:57:24 Yeah, great. Thank you. And we appreciate your ongoing interest in Enbridge. As always, our investor relations team is available following the call for any additional questions that you may have. Once again, thank you and have a great day.

Operator

00:57:38 This concludes today's conference call. Thank you for your participation. You may now disconnect.